



Committee On Finance

Max Baucus, Ranking Member

NEWS RELEASE

<http://finance.senate.gov>

For Immediate Release
Tuesday, July 11, 2006

Contact: Carol Guthrie
(202) 224-4515

PRESIDENT'S BUDGET TARGETS SOCIAL SECURITY AGAIN

Mid-session review promises privatization, benefit cuts as deficits remain high

Washington, DC – U.S. Senator Max Baucus (D-Mont.), Ranking Democrat on the Senate Finance Committee, blasted the President's renewal of a plan to privatize Social Security and slash benefits for millions of Americans. The Mid-Session Budget Review released by the White House Office of Management and Budget (OMB) today included a proposal that would spend \$721 billion – nearly \$10 billion more than originally planned in the President's original Fiscal Year 2007 budget – to turn Social Security into a system of private accounts with lower guaranteed benefits to Americans. The President's proposal to privatize Social Security includes significant cuts in guaranteed benefits for the vast majority of Social Security recipients through the indexing of initial benefits to prices, rather than wages.

“It's unbelievable that the administration continues to promote the failed and frankly harmful idea of privatizing Social Security. Social Security privatization would still undermine the only financial security many Americans have in retirement or disability, would still increase the deficit, and there's still nothing acceptable about that,” said Baucus. **“For good reason, Americans have said no to Social Security privatization. So no matter how many times this administration tries to put Social Security privatization in the fine print, Congress has a responsibility to make sure the people's will prevails.”**

Baucus led the fight in 2005 to defeat Social Security privatization efforts. Privatizing Social Security would divert funds intended to provide Americans with guaranteed benefits in retirement or disability into risky investment accounts. Shifting to those private accounts would siphon an additional \$5 trillion from the already-overdrawn Treasury in the privatized program's first two decades. Budget process legislation currently circulating in the Senate proposes a commission with the power to force privatization of Social Security. Administration officials have signaled they will return to their privatization efforts following the 2006 midterm elections.

Today's mid-session budget review also revealed a Federal deficit of nearly \$300 billion, the fourth-largest in American history.

###